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BY THE COMPTROLLER GENERAL

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Report To The Congress

OF THE UNITED STATES

Protecting The Public From Unnecessary Federal Paperwork: Does The Control Process Work?

The Congress meant the Federal Reports Act to control the burden placed on the public by Federal Government reporting requirements. However, the process for doing so is poorly structured, it consists mainly of a series of redundant reviews of proposed reporting requirements by authorities in the agencies, Departments, and the Office of Management and Budget.

Agency officials were unsure of their authority. The Office of Management and Budget and Department approval of reporting requirements was routine and lacked basic documentation needed for a meaningful evaluation.

The Office of Management and Budget's role should be changed to place more emphasis on evaluating Departments' and agencies' performance in making reviews and on improving the documentation required for review.



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To the President of the Senate and the
Speaker of the House of Representatives

Federal paperwork demands on the public have long been an area of concern to the Congress. Efforts to control this paperwork have been hampered by inadequate oversight and a lack of documentation supporting proposed requirements.

This report describes a new approach to establish effective paperwork controls. Until now, such controls have been through a series of redundant reviews known as the clearance process. The recommendations in this report are intended to strengthen this process while reducing its redundancy.

We are sending copies of this report to the Director, Office of Management and Budget, and the Secretaries of Agriculture; Commerce; and Health, Education, and Welfare.

A handwritten signature in cursive script, reading "James R. Starks".

Comptroller General
of the United States

D I G E S T

The Federal Reports Act is meant to protect the public from unneeded, redundant, or poorly conceived demands for information from the Federal Government. However, the Office of Management and Budget clearance (approval) process for evaluating proposed reporting demands is poorly structured and does not include an evaluation mechanism or followup on approved requirements. 1/

Department and agency clearance officers are unsure whether they can disapprove, or even revise, proposed requirements for information. As a result, the process of approving or rejecting agency requests for information from the public often has incomplete documentation and offers no assurance that reporting burdens are reasonable.

The Office of Management and Budget should evaluate the clearance processes of the executive Departments and agencies and clarify the roles of Department and agency clearance officers.

Finally, each proposed requirement must be completely documented and all requirements, including those currently exempt from clearance review, should be listed on the Office of Management and Budget requirement inventory.

1/In this report, requirements include forms, statistical surveys, and generally any collection of information from 10 or more non-Federal respondents.

PROCESS INCLUDES
REDUNDANT REVIEWS

Until the President's Burden Reduction Program was introduced, the clearance process was the only formal check on the Federal requirements being imposed on the public. Intended to insure that the objectives of the act are being achieved, this process has changed little since it was introduced 37 years ago.

The reports clearance process does not have different controls at each step in the review process. Instead, each proposed requirement is reviewed by clearance officers at the agency, Department, and Office of Management and Budget levels. (See pp. 4 and 5.)

PROCESS REQUIRES A
SHIFT IN EMPHASIS

In February 1978 the Office of Management and Budget issued guidelines giving executive Departments and agencies primary review authority for proposed reporting requirements below certain thresholds. (See pp. 5 and 6.)

Although the Office of Management and Budget reorganized its Clearance Office after this decentralization, its primary emphasis is still on reviewing every proposed requirement. (See p. 6.)

GAO found the reports clearance process of the Departments of Agriculture; Commerce; and Health, Education, and Welfare lacks strong controls at all levels of review. Neither the Office of Management and Budget nor the Departments have evaluation mechanisms to assure that the process is working. Also, these Departments seldom conduct postaudits of requirements, even though such reviews may be cost effective. (See pp. 6 to 10.)

Department and agency clearance officers are unsure of their authority and are reluctant to disapprove or revise proposed requirements. (See pp. 7 to 9.)

Correcting these deficiencies would permit the Office of Management and Budget to give executive Departments and agencies primary review authority for all their proposed requirements. A proposed process is shown in appendix II. (See p. 24.)

PROCESS REQUIRES ADEQUATE
DOCUMENTATION OF PAPERWORK
REQUIREMENTS

At the Departments reviewed, cases had examples of missing and, at times, inadequate documentation. For example, the need for the requirement was not always demonstrated, technical preparation often was not evident, and burden and cost estimates were not well documented. (See pp. 10 to 14.)

In addition, Departments and agencies did not have to provide survey and tabulation plans and schedules for applications. Cost estimates are not required for applications or other management reports. (See pp. 12 to 14.)

There was no mechanism to locate duplication, but the Office of Management and Budget is working to correct this problem. (See pp. 15 and 16.)

RECOMMENDATIONS

GAO recommends that the Director, Office of Management and Budget:

--Shift the emphasis of the reports clearance process at the Office from reviews of individual requirements to (1) evaluations of the adequacy of controls at executive Departments and agencies and (2) postaudits of proposed and approved requirements.

- Require the executive Departments and agencies to conduct periodic internal audits of their clearance processes.
- Clarify the roles and authority of clearance officers at executive Departments and agencies.
- Delegate primary review authority to executive Departments and agencies which have demonstrated adequate capability.
- Revise Office of Management and Budget guidelines to require complete documentation for all reporting requirements including (1) survey and tabulation plans and schedules for applications and (2) cost estimates for applications and other management reports.
- Identify and include exempt requirements on the inventory of public-use requirements.

AGENCY COMMENTS

The Office of Management and Budget concurred with the thrust of GAO's recommendations and identified specific actions underway to implement them. These actions include the preparation of a proposed executive order on paperwork control and revised regulations for implementing the reports clearance process. The Office of Management and Budget stated that all of GAO's specific recommendations would be considered in developing the executive order and revised regulations and in implementing a Federal Information Locator System. (See pp. 18 to 20.)

The Departments of Agriculture and Health, Education, and Welfare agreed with the recommendations. The Office of Management and Budget and the Departments of Commerce and Agriculture had specific comments on the report which are addressed in appendixes III, IV, and V. (See pp. 29 to 44.)

The Office of Federal Statistical Policy and Standards, Department of Commerce, strongly endorsed the recommendations, but was concerned that the Office of Management and Budget's

evaluations of agency performance would suffer from lack of statistical expertise. The Office of Federal Statistical Policy and Standards also expressed concern that inter-agency coordination mechanisms for Federal data collection had suffered since the 1977 transfer of statistical policy functions from the Office of Management and Budget to the Department of Commerce. (See pp. 18 to 20.)

GAO agrees that the 1977 shift of responsibility weakened the statistical capability of the Office of Management and Budget and that this shift has increased the inherent difficulties in coordinating Government-wide statistical and paperwork control activities.

GAO supports consolidation of these responsibilities, preferably within the Office of Management and Budget. Legislation has been introduced in the Congress which would effect such a consolidation.

Pending action on consolidation, however, the Office of Federal Statistical Policy and Standards should actively participate in evaluating Departments' and agencies' statistical capabilities. It now plays a key role in the clearance process by reviewing statistical surveys and providing advice to the Office of Management and Budget on statistical issues. This arrangement is formalized by a memorandum of understanding between the Director, Office of Management and Budget, and the Secretary of Commerce. GAO believes a similar arrangement for conducting Department and agency evaluations should overcome any Office of Management and Budget weaknesses in statistical expertise.

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ABBREVIATIONS

GAO	General Accounting Office
HEW	Department of Health, Education, and Welfare
OMB	Office of Management and Budget

CHAPTER 1

INTRODUCTION

The necessity of protecting the public from unneeded, redundant, or poorly conceived information demands of the Federal Government has long been recognized. One of the earliest attempts to control this reporting burden was the Federal Reports Act of 1942 (Ch. 831, 56 Stat 1078, Dec. 24, 1942, (codified at 44 U.S.C. 3501 to 3511)).

In recent years Presidential Burden Reduction Programs have supplemented the act and its implementing mechanism, the reports clearance process. These programs, which have achieved some success, have emphasized the use of goal setting and ceilings to reduce both the number of Federal information requirements 1/ and the time needed to complete them.

As of March 1978, almost 5,000 reporting and record-keeping requirements were being used by Federal executive Departments to collect information from the public. This paperwork imposes an estimated 785 million hours of burden on individuals, businesses, farmers, and State and local governments--all those who provide information to the Federal Government.

FEDERAL REPORTS ACT OF 1942

The act established three broad objectives:

- Federal agencies should obtain needed information with minimum burden on respondents and at a minimum cost to the Government.
- Unnecessary duplication in information gathering should be eliminated.
- Maximum use should be gained from information collected.

The Office of Management and Budget (OMB) was required by the act to periodically

1/In this report, requirements include forms, statistical surveys, and generally any collection of information from 10 or more non-Federal respondents.

- investigate the needs of various executive agencies for the information they collect from the public;
- investigate the methods used to obtain it; and
- coordinate, as rapidly as possible, the information-collecting services of all agencies to reduce cost and respondent burden.

The act exempts a great deal of information collection from OMB's control. In fact, OMB estimates that it controls only about 15 percent of the overall Federal reporting and recordkeeping burden. An amendment to the act in 1973 shifted responsibility from OMB to GAO for another 5 percent. 1/ The great bulk, about 80 percent, of the burden is exempt from review by an outside agency.

PRESIDENT'S BURDEN REDUCTION PROGRAM

The President's Burden Reduction Program was introduced in 1976 as an adjunct to the clearance (approval) process. In March 1976 President Gerald R. Ford directed the executive Departments to reduce the number of reporting requirements in use on October 31, 1975, by 10 percent before July 1, 1976. The Director, OMB, and top agency officials were directed to implement this program, and guidelines were issued. By June 30, 1976, the number of reporting requirements had been reduced by 14 percent. However, largely because of three new reports required by legislation, the estimated burden hours actually increased by 4 percent. By also using burden hour ceilings instead of just limiting the number of requirements, successive reduction programs under Presidents Gerald Ford and Jimmy Carter have resulted in reported reductions in both the number of requirements and the number of estimated burden hours.

The following table shows the number of requirements and estimated annual burden hours reported in the OMB inventory for repetitive reporting and recordkeeping requirements as of October 31, 1975, the benchmark of President Ford's Burden Reduction Program, and March 31, 1978.

1/GAO is the central clearance office for independent regulatory agencies.

<u>Category</u>	<u>OMB inventory as of</u>		<u>Percent decrease</u>
	<u>Oct. 31, 1975</u>	<u>March 31, 1978</u>	
Reporting require- ments (number)	5,153	4,071	21
Annual burden hours (million)	130	119	9

Thus, at the time of our review, OMB was reporting substantial reductions in both the number of requirements and total burden hours as a result of the program.

By March 31, 1979, however, the trend had been reversed. Although the number of reporting requirements had been reduced to 3,981, the total estimated burden hours had increased to over 161 million hours. This is greater than the reported burden at October 31, 1975.

CHAPTER 2

CLEARANCE PROCESS SHOULD BE

BETTER STRUCTURED

An effective decentralized process requires strong controls at all levels of review. The reports clearance process does not include such controls. Instead, it relies on a series of reviews which cover the same areas and which are not evaluated. At the three Departments reviewed-- Agriculture; Commerce; and Health, Education, and Welfare-- these reviews are conducted by clearance officers who are unsure of their authority.

Introducing different controls at each level of review should provide better assurance that controls are effective and documentation is complete. Clearance packages reviewed during our audit lacked basic documentation for the need and use of the requirement and the requirement's burden and cost.

PROCESS INCLUDES REDUNDANT REVIEWS

Until the President's Burden Reduction Program was introduced, the clearance process was the only formal check on the Federal requirements being imposed on the public. Intended to insure that the objectives of the act are being achieved, this process has changed little since it was introduced 37 years ago.

Essentially, it consists of a series of reviews by agency, departmental, and OMB clearance officers of the proposed requirement and other supporting material, known as the clearance package. Each clearance officer reviews the package for essentially the same thing--whether it complies with OMB's guidelines.

The guidelines require that the package include, as a minimum, these items: instructions; transmittal letter; and OMB Standard Form 83, "Clearance Request and Notice of Action," which provides such general information as the type of requirements and respondents involved, the frequency of use, and the estimated reporting burden.

Each package must state

--the need for the requirement;

--the plan for collecting, tabulating, and using the data;

- the basis for the estimated burden;
- the outside organizations consulted;
- the reasons for "sensitive" questions (race, religious beliefs, etc.); and in some cases
- the estimated cost to the Federal Government.

If the requirement is an extension or a revision of an existing requirement, publications resulting from prior data collected and reasons for revisions should also be included.

Once the agency and departmental clearance officers have cleared the package, it is sent to the OMB Clearance Office, checked for completeness, logged into a clearance office information system, and then assigned to an OMB reviewer. A notice of clearance packages received at OMB for review is published in the Federal Register. Only if OMB does not disapprove the package can the information be collected from the public.

PROCESS REQUIRES A SHIFT IN EMPHASIS

In February 1978 OMB began, on a limited basis, to decentralize the reports clearance process. Even so, the process continues much as before.

OMB should help the executive Departments and agencies carry out the increased responsibilities imposed by the decentralization. For a decentralized process to work, it must include evaluation and clarify the roles of clearance officers so that agencies can have primary review responsibility for individual reporting requirements.

The problems identified in this report will continue so long as OMB focuses its efforts on reviewing individual reporting requirements while giving limited attention to defining the role, authority, and organizational placement of agency and departmental clearance officers, providing clearcut guidance for carrying out their responsibilities, and performing evaluations of agency and departmental controls needed to ensure accountability.

First steps already begun

In February 1978 OMB issued guidelines permitting executive Departments and agencies to have primary review authority for proposed repetitive requirements which

- had a total estimated annual reporting burden of 20,000 hours or less,

--imposed an estimated average burden of no more than one-half hour per response, and

--met all the requirements of the guidelines for controlling the number of reports and reducing the burden hours.

According to the OMB clearance officer, these requirements represent 30 to 40 percent of the total number of requirements but only about 5 percent of the estimated burden hours.

OMB Clearance Office officials said that the clearance process had to be decentralized because of the growing workload and the need to improve the quality of performance in the agencies.

Yet, even with decentralization, OMB's workload continues to increase. Its average number of review assignments rose from 205 in 1976 to 218 in 1977 and to 220 in the first 5 months of 1978. With such a heavy workload, OMB reviewers cannot thoroughly review every proposed requirement. Also, much time and money have already gone into the requirements' development. As a result, OMB has limited impact on the proposed requirements submitted to it. Few reporting or recordkeeping requirements are disapproved or returned for revision. From January 1975 through June 1978, less than 3 percent of the requirements submitted for OMB clearance were disapproved, returned, or withdrawn. In addition, only 15 percent of the clearance packages examined were revised by OMB clearance officials and, even when revised, serious documentation problems remained.

In November 1978 OMB reorganized its Clearance Office. OMB reviewers can now better coordinate future regulations with future requirements. But their primary emphasis is still reviewing every proposed requirement instead of improving the clearance processes at the Department and agency levels.

Process should be periodically evaluated

OMB must shift its emphasis from reviewing individual proposed requirements to evaluating Department and agency clearance processes. Executive Departments should share this responsibility. Presently, neither OMB nor the Departments examined do enough followup to determine whether the collected data is needed and useful.

The three Departments we reviewed--Agriculture; Commerce; and Health, Education, and Welfare--have not evaluated their clearance processes even though each has

a separate Office of Inspector General. Thus, there is no way to know whether the processes are working effectively.

Also these Departments have done little to follow up on cleared requirements. Since 1943 OMB has required executive Departments to review the utility of their proposed requirements. According to OMB guidelines, such reviews should include determining whether all the information is essential and whether the agency can process the information in a timely and useful fashion. However, the Department of Commerce clearance officer did not conduct practical utility reviews and the Department of Agriculture clearance officer conducted reviews only for new requirements and some "high burden" requirements. Half the agency clearance officers interviewed at these Departments did not conduct practical utility reviews nor did the four Department of Health, Education, and Welfare (HEW) agency clearance officers interviewed. Their reasons varied but included the need for better staff and more specific criteria.

At the time of our review, OMB had done no comprehensive evaluation of any departmental or agency clearance process. And except for one broad-based study of Federal Government Insurance Programs, three practical utility reviews--all conducted in 1976--are the only postaudits OMB has made of requirements after they were approved. One of these reviews was still in process, but the other two led to recommendations to consolidate or discontinue requirements. Apparently such followup reviews are cost effective, as the fieldwork for one cost only about \$900 but led to discontinuance of a system costing the Federal Government up to \$58,000 annually.

Through practical utility reviews, clearance officers could identify requirements mandated by law but of little or no value to the agencies. OMB, through the Burden Reduction Program, has encouraged agencies to seek statutory relief from such requirements. Yet, as of August 1978, few had been identified by the agencies even though many requirements had been introduced because of legislation. For example, 168 of the 241 packages we examined cited laws as the basis for proposed requirements. Until more practical utility reviews are done, little statutory relief from unnecessary requirements can be expected.

OMB needs to better define clearance officer authority

OMB and departmental guidelines do not clearly define the authority of a Department or an agency clearance officer. OMB's clearance manual describes the importance of strong

agency clearance officers with the ability to "weed out" improper requirements. However, OMB also acknowledges that the functions of clearance officers can vary greatly, with some having only administrative responsibilities. Thus, OMB relied on the executive Departments to define the authority of their clearance officers. Since February 1977 these guidelines have required that there be a strong independent line of authority from agency and Department clearance officers through the Department head. Yet, for the most part, the only guidance the Departments give is how to coordinate between one organizational unit and another. Such guidance is of little help to clearance officers in establishing their roles and authority for controlling requirements.

This is not the case for the OMB clearance officer. This position description contains an impressive list of duties, including "* * * to clear, deny, or modify a requested report." The clearance officer is expected to have "a comprehensive understanding of agency problems, statutory authorities, and responsibilities in the area of data gathering." Also he/she should have a knowledge of economics and statistics. Thus, the clearance officer is both a policy analyst and a technical analyst.

If the Departments and agencies expect to do a competent job of detecting and revising improper requirements, they will need clearance officers with similar authority and qualifications.

Several clearance officers said that the Burden Reduction Program had enhanced their positions because more top management attention was focused on the clearance process. Even so, clearance officers still had doubts about their authority and believed that if they did disapprove a requirement, it would probably be appealed to higher levels.

At the Departments examined, very few clearance officers disapproved proposed requirements. Also, the extent to which they revised proposed requirements varied widely. One clearance officer estimated that he revised up to 80 percent of the packages he reviewed. However, some clearance officers felt they lacked the authority or expertise to revise packages at all and, therefore, did not.

The following were common reasons why more requirements were not disapproved.

--Some clearance officers did not believe they had disapproval authority.

--Some received packages so late in the process that they did not have enough time to review them adequately. This happened because of pressures to start projects on time or because money had already been committed.

--Most clearance officers felt they could not interfere with the implementation of Presidentially or Congressionally mandated programs many of which involved millions of dollars.

Clearance officers should have different roles

Not all executive Departments have Department-level clearance officers. Of the Departments we examined, only Commerce had a full-time clearance officer. HEW has none and Agriculture's clearance officer works only part-time on clearance functions.

When Departments do have both agency and Department clearance officers, they must have different roles. The agency clearance officer must have the authority and technical competence to serve not only as an advocate of needed information but also as an adversary of poorly conceived requirements. The officer's primary responsibility should be to insure that only requirements which meet the objectives of the Federal Reports Act are submitted to OMB for final clearance.

Control at the departmental level should not be based on reviews of every proposed requirement. Instead, Department clearance officers should do more thorough reviews of selected requirements. The purpose of their review would be to assess the adequacy of the agency clearance process.

Finally, Department and agency clearance officers must have sufficient competence themselves or have access to adequate resources for assessing technical aspects of proposed requirements. While most agencies had groups within the agencies to assist them in technical matters, they did not always use them.

Making the above improvements would permit OMB to delegate primary review authority to executive Departments and agencies for all their proposed requirements.

This delegation would shift authority to the Departments and agencies, subject to OMB oversight, to perform all aspects of the clearance process, including obtaining public comments on proposed requirements.

Also, for paperwork controls to be effective, control responsibility must extend beyond the clearance process. Initial responsibility and accountability for meeting the objectives of the Federal Reports Act must be pushed down to agency program units which initiate the requirements. Control at this level would ensure that alternative data sources are considered, that a valid pretest is conducted, that potential respondents and knowledgeable users are consulted, and that all possible steps are taken to minimize both respondent burden and Federal costs.

Conceptually, the control process requires three types of controls--preventive, detective, and corrective. Preventive controls, to insure that a proposed requirement is complete and addresses all the objectives of the Federal Reports Act, should be the primary responsibility of the program unit initiating the requirement. Detective controls, to assess the adequacy of the program unit's requirement development process, should be the primary responsibility of agency clearance offices. Corrective controls, to evaluate and correct deficiencies in preventive and detective controls, should be a shared responsibility between OMB, departmental clearance offices, and the departmental audit groups. This control process is discussed in more detail in appendix II.

PROCESS REQUIRES ADEQUATE DOCUMENTATION OF PAPERWORK REQUIREMENTS

OMB guidelines require that proposed requirements be completely and adequately documented. However, the documentation for the packages examined was often incomplete. For example, agencies frequently did not document

- the need for and intended use of the proposed data collection,
- technical steps in preparing a requirement, and
- burden and cost estimates.

Without such documentation, determining whether a proposed requirement should be cleared is difficult if not impossible for a clearance officer. Moreover, in some cases burden estimates were understated and requirements were improperly designed.

Finally the Federal Government does not have a mechanism for detecting duplication. OMB is taking action to correct this problem.

Need and use must be demonstrated

In reviewing any proposed requirement, clearance officers should first determine whether the data is needed and would be useful. Yet the 241 packages we examined lacked the following information:

- The need for the data (15 percent of the cases).
- Who would use it (12 percent of the cases).
- How and for what purpose it would be used (10 percent of the cases).

For example, one package contained correspondence which labeled the proposed requirement as a "total waste of time" and as serving no useful purpose. In another case the agency did not show a Federal use for a survey to obtain commodity data originally for a five-State region and now for one State only.

Also, for revisions, extensions, or reinstatements, agencies should be able to discuss how previously collected data was used. Yet 141 of the 201 previously approved requirements did not show this information.

Technical preparation of requirements must be evident

Important steps in preparing a requirement such as consulting with outside sources, preparing survey plans, and preparing tabulation plans and schedules should be documented. Together, they show the reviewer that

- interested parties, including respondents, have contributed to and understood the data being collected;
- the data can be collected in the most efficient manner to meet agency needs; and
- burden and cost estimates are realistic.

Yet the packages reviewed did not always contain evidence that these steps had been considered. Also, for applications, survey and tabulation plans are not even required. Details are discussed below.

Outside consultation should be obtained

Less than half the clearance packages indicated that the agencies had obtained outside consultation, and 70 percent of

those packages indicating that consultation had been obtained failed to adequately discuss what had been learned from the consultant. According to OMB files, OMB reviewers used outside consultation in only 28 percent of the 241 cases examined, and usually their consultations were with the submitting agencies or other Federal agencies. In only 6 percent of these cases did OMB consult outside the Federal Government.

Seventy-two packages examined involved State and local governments as respondents. Outside consultation is specifically required with those respondents; yet 44 of these packages did not include evidence of such consultation.

Survey plans must be complete

Survey plans should include:

- The purpose of the survey and a description of the target population.
- Decisions concerning the conduct of the survey:
(1) sample selection method, (2) data collection methods, (3) followup procedures, and (4) pre-testing procedures.
- The design of the proposed requirement.

Failure to properly carry out one of these elements can jeopardize the entire collection effort, even when every other element is done properly. Yet many clearance packages examined provided only fragmentary information concerning their survey plans.

Our sample included 130 packages which should have provided survey designs--descriptions of the steps used to conduct the surveys. But the purpose and target population were not discussed in 18 percent of the cases. At least 75 percent lacked information about one or more elements needed to conduct the survey.

In our subsample almost half the proposed requirements did not meet generally accepted form design standards. Major faults included inappropriate questions, errors in sequencing or grouping of questions, possible respondent bias, and assuming too much knowledge on the part of the respondent. Any of these faults could invalidate the intended results.

In addition, a significant number of packages lacked instructions and transmittal letters, both of which are essential if the respondent is to be able to understand and

fill out the requirement. At the agency level, for example, 17 percent of the packages lacked instructions and 73 percent lacked transmittal letters. At OMB we found the same deficiency, but the statistics were different. Clearance packages were missing instructions in 43 percent of the cases, and 63 percent of the transmittal letters were missing. Even when they were included, transmittal letters and instructions were often of little value to respondents. In many instances in our subsample, instructions (24 percent) and transmittal letters (74 percent) were either unclear or did not describe the purpose of the requirement. Without clear transmittal letters and instructions, no requirement can be very effective.

Tabulation and publication plans
and schedules should be complete

Our sample included 129 packages which should have included tabulation and publication plans. Sixteen indicated that the results would not be published at all. Another 59 did not show how the information would be published. Also, 70 did not describe how it would be tabulated.

The schedule for data collection and publication enables the clearance officer to monitor both the timeliness of the data published and the reasonableness of the time constraints imposed on the respondents. In 68 percent of the packages, the planned time schedules for the entire project were missing. Also other needed information, such as beginning and ending collection dates, publication dates, and expected time lapses between the completion of data collection and publication of results, was often missing.

Finally, OMB guidelines do not require survey and tabulation plans for applications and recordkeeping requirements. While this exemption appears reasonable for recordkeeping requirements, it is not reasonable for applications. An application can be pretested, and data collected on applications is frequently tabulated and published.

Burden and cost estimates
must be documented

Together, respondent burden and Federal cost represent the total cost of a requirement. Any consideration of a requirement's utility must be weighed against this cost. Yet the clearance packages examined often had no sound basis for the requirements' burden estimates. Also, OMB guidelines do not require Federal cost estimates for many requirements.

Respondent burden

Estimates of respondent burden were of questionable validity. Three-fourths of the packages examined gave no basis for the burden estimate cited. Even when pretests were used, insufficient detail was provided in many cases to enable the reviewer to evaluate whether the pretest procedures were adequate.

We examined a subsample of 78 packages to determine if the burden estimates were realistic. None were overstated, but 20 seemed to be understated. For example, 1 requirement involved reading 7 pages of instruction and filling out 77 questions in less than 30 minutes. Another requirement with an estimated burden of 10 minutes required gathering and compiling information from bills of lading to answer 29 questions. The most common reason for the understated estimates was not including both the time to gather the data and the time to fill out the requirement.

Federal cost

Even though minimizing Federal costs is an objective of the Federal Reports Act, many packages were not required to include cost estimates. OMB guidelines require agencies to provide Federal costs only for program evaluations and statistical surveys.

The importance of and need for this information can best be illustrated by one package examined. Its survey costs had increased from \$335,000 in 1970 to \$946,000 in 1978. At the same time, however, the number of respondents had fallen from 220 to 150. Yet, we found no evidence that the increase had ever been justified by the agency or questioned by OMB clearance officials.

In our subsample, 34 packages, according to OMB guidelines, should have included estimates of the Federal cost, but only 18 did. None provided details about how the estimates had been developed or what cost elements had been included.

OMB guidelines require that Federal cost estimates include the cost to pretest, print forms, and line edit. These costs are as relevant for applications and other management reports as for other requirements and should be part of the documentation for such requirements.

Confidentiality must be addressed

A pledge of confidentiality may be essential to assure an adequate response. Clearance packages should identify

where confidentiality has been pledged and the reasons for and nature of the protection. One hundred and twenty-nine of the packages examined included pledges of confidentiality. However, 37 percent of these did not adequately explain the extent of confidentiality or the steps taken to protect the respondent.

Also, the OMB Clearance Manual directs reviewers to give particular attention to inquiries which might be considered an invasion of privacy. Sensitive questions, as defined by OMB, require special justification. The mere fact that such information would be "interesting" or "might be of some value" is not considered sufficient. Such questions should not be asked unless they are needed, as they infringe on the respondent's privacy and limit the sharing of the information collected.

Sixty-one packages contained sensitive questions. The following table shows the categories of sensitive questions asked, the number of instances in which they were asked, and the number of instances inadequately justified.

<u>Category</u>	<u>Number of instances</u>	
	<u>Total</u>	<u>Inadequately justified</u>
Race	7	4
Income	33	6
Marital and cohabital status	21	8
Religion	1	1
Drinking habits	3	3
Character	2	1
Self-incrimination	5	1
Critical attitudes	1	1
Proprietary information	12	5
Other	<u>53</u>	<u>17</u>
Total	<u>138</u>	<u>47</u>

As this table shows, in 47 of 138 instances, or 34 percent, sensitive questions asked were not justified.

Mechanism is needed to identify duplication--corrective action being taken

The OMB inventory of requirements is the only inter-agency inventory available which shows requirements in use by the executive branch. This inventory does not include all exempt requirements. Neither OMB nor the agencies knows the full extent of exempt requirements.

There are two types of exempt requirements--those exempt by statute and those exempt by OMB guidelines--and OMB treats each differently. OMB knows the number of requirements exempted by statute, because they are identified through the Burden Reduction Program, but does not include them in its inventory. Requirements exempted by OMB's own guidelines are gathered into six categories, ranging from laboratory research and clinical investigations to technical information incidental to contract administration. Agencies determine whether their requirements meet any of the exempt categories and they do not have to identify such exemptions to OMB. Some, but not all, of these requirements are included in the inventory.

In a July 1977 report, the Commission on Federal Paperwork recommended development of a Federal Information Locator System. The system, to effectively identify duplication as well as available information resources, should include requirements now not listed because of exemption.

The Commission recommended that before development begins, a prototype system be pilot tested. OMB has completed a pilot test of the Federal Information Locator concept and an automated locator system, called the Information Requirements Control Automated System, now being used in the Department of Defense. OMB recently established a task force to proceed with the design and implementation of a locator system.

CONCLUSIONS

OMB relies on a reports clearance process which consists of a series of redundant reviews of individual proposed requirements. Since 1976 less than 3 percent of the proposed requirements submitted to OMB for clearance were disapproved or returned to the Department.

OMB has shifted to the executive Departments and agencies primary review authority for certain requirements. An OMB official estimated that these requirements represented between 30 and 40 percent of the number of requirements and 5 percent of the reporting burden.

For the decentralized process to work, several important controls are needed. Presently, neither OMB nor the Departments examined have controls to evaluate the adequacy of the process as a whole. Moreover, practical utility reviews are not conducted regularly. Also Department and agency clearance officers do not have different duties, are unsure of their authority, and are reluctant to disapprove or even revise proposed requirements.

Introducing these controls would enable OMB to delegate primary review authority for all proposed requirements to executive Departments and agencies, as shown in appendix II.

This delegation of authority would not change OMB's broad responsibilities for paperwork control under the Federal Reports Act. The authority for carrying out all aspects of the clearance process would be shifted to those Departments and agencies which OMB determined were capable of adequate performance. OMB's role would shift to one of oversight and evaluation of Department and agency controls. However, OMB would retain the authority to become directly involved in reviews of individual requirements which it believes merit special attention--such as highly controversial, high-burden cases.

Strengthening the control process would better assure that the reporting burden is reasonable. In a sample of the documentation supporting cleared requirements at the Departments of Agriculture; Commerce; and Health, Education, and Welfare, we found important weaknesses. The predominant weakness was missing or incomplete documentation to support the need, burden, cost, and other factors important to a reviewer in considering the merits of a proposed requirement. In addition, some burden estimates were unrealistic, and some requirements were poorly designed. '

Also, OMB does not require needed documentation for applications and other management reports. Agencies do not have to provide survey and tabulation plans and schedules for applications. Cost estimates are not required for applications or other management reports.

Finally, OMB's inventory of requirements does not list exempt requirements. Including these requirements is necessary to detect duplication.

RECOMMENDATIONS

GAO recommends that the Director, OMB:

- Shift the emphasis of the reports clearance process at OMB from reviews of individual requirements to (1) evaluations of the adequacy of controls at executive Departments and agencies and (2) post-audits of proposed and approved requirements.
- Require executive Departments and agencies to conduct periodic internal audits of their clearance processes.
- Clarify the roles and authority of clearance officers at executive Departments and agencies.

- Delegate primary review authority to executive Departments and agencies which have demonstrated adequate capability.
- Revise OMB guidelines to require complete documentation for all reporting requirements including
 - survey and tabulation plans and schedules for applications and
 - cost estimates for applications and other management reports.
- Identify and include exempt requirements on the inventory of public-use requirements.

AGENCY COMMENTS

OMB generally agreed with the thrust of our recommendations and identified specific actions underway to implement them. These actions include issuance of an executive order on paperwork control and revised regulations for implementing the reports clearance process.

OMB stated that the executive order and the revised regulations would address our recommendations for

- shifting its emphasis to evaluating agency and Department controls,
- requiring agencies and Departments to periodically audit their clearance processes,
- clarifying the roles and authority of agency and Department clearance officers,
- delegating primary review authority to agencies and Departments with adequate capability, and
- revising its guidelines to require more complete documentation for all types of reporting requirements.

OMB expressed reservations about, but agreed to consider further, our recommendation to require documentation of tabulation plans for data to be collected on applications.

We believe that documentation of tabulation plans, if such plans are known at the time of clearance review, can

contribute to maximizing the usefulness of data collected, a basic objective of the Federal Reports Act. Such documentation could also help prevent duplication by identifying potential sources of needed data, thereby eliminating the need for additional data collections for other purposes.

OMB also expressed concern about, but did not disagree with, our recommendation to put exempt requirements in its central requirements inventory. It felt these requirements were exempt in the first place because they were insignificant. But OMB did agree to consider putting them in the future Federal Information Locator System.

We agree that many of these requirements could be relatively insignificant. However, OMB needs some way of identifying them to preclude duplication or agency abuse of the exemption privilege.

The Departments of Agriculture and Health, Education, and Welfare agreed with the recommendations. OMB and the Departments of Commerce and Agriculture had specific comments on the report which are addressed in appendixes III, IV, and V.

The Office of Federal Statistical Policy and Standards, Department of Commerce, strongly endorsed the recommendations, but was concerned that OMB's evaluations of agencies' and Departments' performance would suffer because of OMB's lack of statistical expertise. The Office of Federal Statistical Policy and Standards also expressed concern that the report understated the importance and difficulties associated with interagency coordination of Federal data-gathering activities. It noted that OMB had lost contact with much of the interagency coordination effort since the 1977 transfer of statistical policy functions from OMB to the Department of Commerce.

We recognize that the 1977 transfer was accompanied by the transfer of key statistical personnel. Therefore, we agree that the shift weakened OMB's statistical capability. We also agree that this shift of responsibility has increased the inherent difficulties in coordinating Government-wide statistical and paperwork control activities.

We believe the statistical policy functions now in the Department of Commerce should be consolidated, preferably within OMB, with the Federal Reports Act paperwork control responsibilities now in OMB. Legislation has been introduced in the Congress which would effect such a consolidation.

We believe consolidation would alleviate many of the problems in achieving effective interagency coordination of statistical and paperwork activities.

Pending action on consolidation, however, we believe the Office of Federal Statistical Policy and Standards should be an active participant in OMB's evaluations of Departments and agencies. The Office of Federal Statistical Policy and Standards now plays a key role in the reports clearance process by reviewing statistical surveys and providing advice to OMB on statistical issues. This arrangement is formalized by a memorandum of understanding between the Director, OMB, and the Secretary of Commerce. We believe similar arrangement for conducting Department and agency evaluations should overcome any weaknesses in statistical expertise at OMB.

CHAPTER 3

SCOPE OF REVIEW

We reviewed the Federal Reports Act clearance process at OMB and the Departments of Agriculture; Commerce; and Health, Education, and Welfare. ^{1/} We chose these Departments because collectively they had about 42 percent of the total number of nonexempt executive branch reporting and recordkeeping requirements and about 48 percent of the total executive branch estimated burden hours.

At each Department we reviewed a sample of clearance packages for compliance with OMB guidelines implementing the Federal Reports Act. In addition, we reviewed a subsample of these packages to assess the adequacy of technical aspects of the requirements. The results of our sample and subsample are statistically valid for the three Departments. The characteristics of the clearance packages reviewed are shown in appendix I.

Using a structured questionnaire, we interviewed agency, departmental, and OMB officials responsible for implementing the clearance process. We also interviewed officials at the Department of Defense to learn about its automated system for locating reporting and recordkeeping requirements.

^{1/}Since completion of our audit, reporting requirements in the field of education have been exempted from OMB clearance by the Education Amendment Act of 1978.

CHARACTERISTICS OF THE REQUIREMENTS SAMPLED

Type of requirement:

	<u>Number</u>	<u>Percent</u>
Application	56	23
Program evaluation	16	7
Management report	34	14
Statistical survey or report	65	27
Recordkeeping	22	9
Other (note a)	<u>48</u>	<u>20</u>
	<u>241</u>	<u>100</u>

Type of request:

New	36	15
Revision	81	34
Extension	108	44
Reinstatement	12	5
Other (note a)	<u>4</u>	<u>2</u>
	<u>241</u>	<u>100</u>

Type of respondent:

Individual or household	43	18
Farm	22	9
Business firms	84	35
Government agencies	41	17
Other (note a)	<u>51</u>	<u>21</u>
	<u>241</u>	<u>100</u>

Authority for requirement:

Mandatory	65	27
Required to get benefits	93	38
Voluntary	74	31
Other (note a)	<u>9</u>	<u>4</u>
	<u>241</u>	<u>100</u>

a/"Other" includes missing or unknown information about the packages reviewed.

APPENDIX I

APPENDIX I

Frequency of use:

	<u>Number</u>	<u>Percent</u>
Single time	8	3
Weekly	2	1
Monthly	15	6
Quarterly	13	5
Semiannually	9	4
Annually	63	26
Occasionally	106	45
Other (note a)	<u>25</u>	<u>10</u>
	<u>241</u>	<u>100</u>

Collection method:

Interview	80	33
Mail	135	56
Other (note a)	<u>26</u>	<u>11</u>
	<u>241</u>	<u>100</u>

Collected by:

Agency	188	78
Contractor	21	9
Other (note a)	<u>32</u>	<u>13</u>
	<u>241</u>	<u>100</u>

a/"Other" includes missing or unknown information about the packages reviewed.

A PROPOSED PROCESS TO MANAGE
FEDERAL PAPERWORK

For decentralization of the clearance process to be successful, strong controls over paperwork must exist at all levels of review, including the initiating level. At present, however, the clearance process is fragmented and overlapping and many clearance officers are unsure of their review responsibilities. Because of these problems, it is quite possible for the same package to be reviewed three times--at the agency level, at the Departmental level, and at OMB--and still be incomplete.

In this appendix, we propose a process which should correct these problems. We discuss three types of controls--preventive, detective, and corrective--to provide effective oversight of paperwork demands and different types of reviews at different levels of Government.

PREVENTIVE CONTROLS MUST PRECEDE
THE CLEARANCE PROCESS

Preventive controls must be placed at the initial stages of requirement development. This would mean that the agencies would take action to prevent the development of requirements which do not comply with the objectives of the Federal Reports Act. Preventive controls should be the responsibility of the program unit initiating the requirement. Fundamental questions such as is the information needed, is it already available, and what is the most efficient way to collect this information, should be asked--and answered--at this stage. Pretests and outside consultation should be used to insure that only proper requirements are designed.

The agency clearance officer may assist in the preparation of a complete clearance package and check to make sure that the proper controls are in place. The officer can also serve as a coordinator, helping program officials contact the people who can assist in the technical design of the requirement.

But, only after the preventive controls have been implemented should the proposed requirement enter the clearance process. In this proposed process, the important change is that responsibility for compliance with clearance package guidelines would be shifted from the clearance office to the program level.

DETECTIVE CONTROLS ASSURE COMPLETE
PACKAGES AND WORTHWHILE REQUIREMENTS

Responsibility for detective controls rests with the agency clearance officer. Basically, detective controls are used to identify weaknesses in the process being examined. As the first step in detective controls, agency clearance officers should make sure that preventive controls are in place. Next, they should not merely check the clearance package but also contact program officials to make sure that the information will be useful and that efforts have been made to minimize respondent burden. If they detect any weaknesses in the preventive controls, the clearance officers must have the authority and technical competence to disapprove or revise the requirement.

At this point, top management support becomes crucial. Without it, incomplete packages will continue to enter the clearance process. The agency clearance officer must have the authority to serve not only as an advocate of needed information but also as an adversary of poorly conceived requirements. The agency clearance officer's primary responsibility then will be to insure that preventive controls are in place and that the requirement does not violate the objectives of the Federal Reports Act.

CORRECTIVE CONTROLS REQUIRE
BROADER CENTRAL ACTIVITIES

OMB and departmental clearance officers should share responsibility for (1) assuring that the above process is working and (2) proposing corrections to any weaknesses they see. Again, top management support will be critical to assure that proposed corrections to the process are implemented.

Control at these levels should not be based primarily on reviews of every proposed requirement. Instead, there should be more thorough reviews of selected requirements. Methods for doing this include selecting key requirements for practical utility reviews in addition to conducting broad-based studies of selected topic areas, such as requirements imposed on individuals, small businesses, educational institutions, etc.

An OMB official stated that through decentralization, the clearance process could be "institutionalized." By that he meant agencies would review the package and OMB would move away from direct review while retaining final clearance authority. Instead, OMB would have more contact with the agencies to find out (1) what is done with information collected and (2) how well the agency clearance process works. We agree and feel such controls should be introduced.

Finally, the effectiveness of the Department clearance process should be evaluated by auditors outside the clearance process, such as Offices of the Inspector General.

In summary, what the process described in this appendix would do is clarify and strengthen the responsibilities of the clearance officers. However, to work effectively, this process must include active participation and support by people outside the clearance process, such as program officials, audit groups, and top management.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON D C 20503

JUN 4 1979

Mr Allen R Voss
Director, General Government
Division
General Accounting Office
Washington, D C 20548

Dear Mr Voss

This is in response to your request for our comments on a draft of your proposed report, "Need to Improve the Management of Executive Branch Reports Clearance Process (B-158552) " [See GAO note, p 28]

The report is timely and significant. It comes at a time when the whole question of how to deal with burgeoning government paperwork is being examined more thoroughly by the public as well as the executive and legislative branches. The significant work of the Commission on Federal Paperwork, our experience in overseeing implementation of its recommendations, and the knowledge gained in carrying out the President's Paperwork Reduction Program form a good foundation for identifying problems and moving in new directions. Your report is a useful assessment of past practices and a helpful look at proposals for some fundamental changes in the paperwork management.

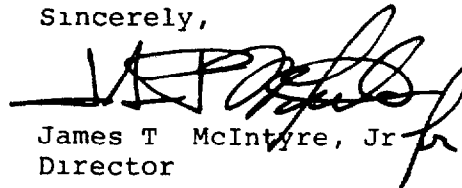
It is clear that there will be changes in the way the executive branch manages paperwork. The Administration has in preparation a new executive order to strengthen control over paperwork burdens imposed on the public. New regulations to implement the order and replace OMB Circular No A-40 are being prepared for public and agency comment, and we are reviewing several bills recently introduced in the Congress to amend the Federal Reports Act. Our work on all of these initiatives will be informed and assisted by conclusions and insights in your report.

2

Our respective staffs have reviewed the draft report in detail on April 19 and 30. I understand that these discussions have resulted in some further corrections to details or elaboration. I am enclosing our final comments.

We sincerely appreciate the opportunity to comment. We look forward to the continued advice and counsel of you and your staff in improving paperwork management.

Sincerely,



James T. McIntyre, Jr.
Director

Enclosures

GAO note The title of the report was changed after agency comments were requested. Page references in all agency comments were revised to correspond to pages in this final report.

Office of Management and Budget Comments on
GAO Report "Need to Improve the Management of
Executive Branch Reports Clearance Process"

Comments on text

These comments are provided even though GAO may already have taken steps to deal with some of them in the final report

On pages 4 and 5, the discussion of OMB procedures for handling reviews of clearance packages omits mention of the significant, routine efforts to provide opportunity for public comment. In addition, these efforts have been upgraded in the last six months

GAO response

Page 5 was revised to show that OMB provides opportunity for public comment.

On page 6, the report asserts that OMB review has little impact on proposed reporting requirements, citing as evidence only the proportion of reports disapproved, returned, or withdrawn in the period for January 1975 through June 1978. First, there were major changes in organization and procedures for OMB review in 1978, making statistics on 1975-77 largely irrelevant. As a result of these changes, the rate of negative actions currently is about three times the figure cited in your report. More important, this rate shows nothing of the often very material effect of OMB review on reports that are modified before approval. Examples of such effect in 1978 are the reviews of the Department of Energy's oil and gas reserves information system and the Department of Health, Education, and Welfare's vocational education data system. Both reports were approved only after significant reductions in reporting burden were made.

GAO response

During the period examined, GAO found little change in the percentage of requirements disapproved, returned, or withdrawn. GAO added a sentence to page 6 to show that OMB revised about 15 percent of the requirements sampled before approval.

On the same page, we agree with the objective of giving agencies more responsibility in reports clearance and that such a step calls for establishing provisions to ensure adequate performance. However, to be of practical assistance to us, the recommended "self-evaluation mechanism" needs definition and elaboration.

GAO response

Appendix II was added to further define GAO's proposed paperwork control process. Also, the word "self" was deleted from the phrase "self-evaluation mechanism".

On page 7, the report asserts OMB has conducted only four post audits of reporting requirements after they have been approved. There is an important question of scale to be considered. There are many instances where various steps of evaluation and follow-up are imposed on agencies as a condition of approval. In such cases, reports are provided to OMB and further changes to reporting requirements are ordered. These often have significant effects on the utility and burden of the requirements, even though they are not as comprehensive in scale as the practical utility reviews cited in the report.

GAO response

GAO agrees that approvals of individual requirements, conditioned on subsequent evaluation and followup, are useful. However, GAO does not believe such actions can take the place of well-planned practical utility reviews conducted on a broader scale.

President Carter required agencies to establish a strong, independent line of authority for reports management through the agency head in 1977, not 1978 as shown on page 8

GAO response

The date on page 8 was changed to 1977.

On pages 15 and 16, you recommend that OMB maintain an inventory of all agency reports, including those exempt by statute from clearance. We support the general thrust of this suggestion. However, inclusion of reports exempted by OMB guidelines is questionable. The very reason certain reports are exempt is because issues of burden, duplication, and potential for multiple use are insignificant. We will, however, devote further consideration to the suggestion. It may be that the current project to create a Federal Information Locator System (FILS) would be a practical approach to developing a more comprehensive inventory.

GAO response

See discussion on pages 18 and 19.

Regarding FILS, the notation on page 16 about plans to test the Defense Department system should be updated. This six agency test has been completed and is being evaluated.

GAO response

The report was revised to include the current status of OMB's efforts to develop a Federal Information Locator System.

On page 6, we have begun to decentralize to agencies the reviewing responsibility for certain types of reporting requirements not because of OMB staff limitations, but because effective control of paperwork depends in the long run on quality performance in the agencies. Reporting requirements need to be designed properly from the first rather than repaired after they have been submitted to OMB.

GAO response

GAO agrees that agency performance is crucial to effective paperwork control. Although GAO believes OMB staff limitations are a factor influencing the move toward decentralization, the report was revised to include OMB's point.

Comments on the draft report from Commerce, Agriculture, and Health, Education, and Welfare have been received. We are enclosing copies for your information.

Comments on recommendation

The report contains six recommendations, listed on pages 111 and 114. We concur in the thrust of these recommendations.

We agree that the emphasis of the reports clearance process at OMB should shift to evaluation of agency controls and post audits, but we think that an additional critical factor that should be emphasized is agency planning of information requirements. The shift in emphasis will be reflected in the proposed executive order on paperwork control and in new regulations to replace circular A-40.

Requirements for periodic internal audits by agencies and clarification of the role and authority of agency clearance officers will be addressed in both the executive order and the new regulations.

Delegation of primary review responsibility to agencies will be a feature of the new regulations, but such delegation will be dependent upon the demonstrated ability and commitment of each agency individually to perform this task effectively. Performance will be subject to careful audit by OMB.

We agree that required documentation for clearances should include cost estimates, time schedules, and other information for all classes of reports, but we are not yet convinced that tabulation plans for applications are critical. We will study this whole area further before new regulations are issued.

Including exempt reporting requirements on the inventory was discussed above.

GAO response

The above comments are discussed on pages 18 to 20 of the report.



UNITED STATES DEPARTMENT OF COMMERCE
 The Assistant Secretary for Administration
 Washington D C 20230

20 APR 1979

MEMORANDUM FOR. Stanley E. Morris
 Deputy Associate Director for Regulatory Policy
 and Reports Management, OMB

SUBJECT: Comments on GAO Draft Report Regarding the Reports
 Clearance Process

Shortly after receiving the subject GAO draft report we received from you a copy of the draft executive order entitled, "Controlling Paperwork Burdens on the Public." It appears that a number of the GAO concerns and recommendations have been responded to by the draft executive order.

However, there are certain points in the GAO draft that should be addressed.

1. GAO stresses the importance of technical capabilities in clearance officers, saying in essence that the OMB reviewers have technical capabilities whereas the Commerce Department clearance officer does not have these capabilities. However, GAO's report states that the quality of review at both levels was inadequate. We find this to be somewhat anomalous.

In addition, GAO's statement that the Department of Commerce clearance officer has no technical background because he is a management analyst, is just an assumption based as it is on a review of the clearance officer's position description which tells nothing of the person's actual background.

In reality, it would be virtually impossible for one individual to have technical capabilities in all of the many and varied Departmental programs involving public-use reports, especially to the extent that a knowledgeable judgment could be made as to whether or not the information to be collected will satisfy program requirements.

GAO response

In appendix II, GAO presents a control process that recognizes the inability of any one individual or office, including OMB, to judge the merits of a proposed form. This proposed process includes responsibilities for all parties involved in proposing or reviewing public-use forms.

The sentence referred to above concerning the Department of Commerce clearance officer's technical background was deleted from the report.

2. GAO reliance on statistics which it took to indicate that the reports clearance packages were highly inadequate is misleading. Many of the Commerce Department's active clearance packages that were reviewed by GAO were cleared between 1973 and 1976. It must be taken into consideration that in this time frame low priority was given to public-use reports by the Administration, OMB and the Departments. Therefore, judgments concerning the clearance function based on that period of time are not consistent with current reports standards. (OMB did not issue stringent guidelines until February 1978, which among other things, required the Census Bureau to clear its reports through the Department instead of going directly to OMB.) In fact, OMB during those days had a short form (SF-83B) that was used for extension requests and required very little information to be submitted.

Moreover, GAO did not take into account the results of personal meetings and discussions between clearance officers and program managers which resulted in the program manager's decision to obtain information from sources other than the public, do without the information, or scale down the burden hours through the elimination/simplification of various questions, or the reduction in frequency of reporting.

GAO response

Recognizing that 1976 was the first year of the President's Burden Reduction Program, GAO attempted to ascertain a difference in compliance with OMB clearance guidelines before and after 1976. There was no difference. Non-compliance was significant for the entire 5-year period from 1973 through 1978. The short form (SF-83B) referred to above was discontinued in 1973--the first year of GAO's examination period.

GAO agrees that informal discussions between clearance officers and program managers often result in improved and less burdensome reporting requirements. However, in GAO's discussions with departmental and agency clearance offices, GAO found they were reluctant to disapprove or even revise public-use forms. The reasons for this are discussed in detail on pages 7 to 9.

3. GAO's claim of redundant reviews is only partially correct. At the agency level and in some cases, Departmental level, the clearance officer has to advise and assist the program managers on how to prepare a clearance package so as to meet the OMB requirements. The OMB criteria can be so detailed and complex that without expert guidance a program manager that has only a small number of public-use reports and with limited or no exposure to the clearance process would have difficulty in preparing a package capable of passing review.

GAO response

The agency clearance officer should work together with the program unit to prepare a clearance package which will meet OMB clearance guidelines. GAO's views on their respective responsibilities are discussed in appendix II.

4 A recurring need not addressed by the GAO review is that when an impasse exists between a clearance officer and a program manager there is needed some sort of knowledgeable impartial arbitrator (or organization) to settle such a dispute. Currently neither the Department clearance officer nor the OMB reviewer can even remotely match the program manager's knowledge of the program and can quite possibly make a decision that would adversely impact on the program.

GAO response

Disputes between program managers and clearance officers are certain to occur. When such disputes cannot be resolved, top management of the agency, department, and, if necessary, OMB should become involved.

5 We feel it is imperative that OMB maintain its present clearance functions because OMB is outside of the Department's organizational interactions and therefore is relatively free of the influencing factors that exist within a Department or Agency and, is better able to maintain an objective position.

Another reason for close OMB oversight is that Departmental clearance officers have to perform two conflicting functions, one to maintain the accuracy of the estimates of the burden hours associated with clearance requests and the other is to reduce the burden hours placed on the public. Example — When clearance requests which contain burden estimates that appear to be understated, but will "diminish" the burden the Department places on the public, the Departmental clearance officer's objectivity is tested

GAO response

GAO agrees that OMB should maintain final clearance authority, although this does not mean it must review every requirement.

To achieve an effective paperwork control process OMB will need help from the executive departments and agencies. As discussed under comment one above, no one individual or office can control paperwork alone.

6 Many of the GAO's recommendations, such as requiring post-audit reviews, in-depth reviews for practical utility, and broad-based studies of selected topic areas will entail additional resources, but it has not identified what GAO would consider adequate staffing levels to accomplish these assignments in a timely and effective manner.

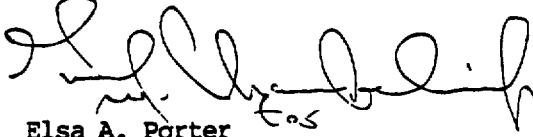
While there is much room for improvement in the clearance process it must be recognized that the overall objective of decreasing the burden on the public has been a distinct success.

GAO response

GAO believes that effective paperwork controls are an inherent function of program, agency, and department management as outlined in appendix II. To the extent this management function is incorporated into day-to-day operations, large increases in resources may not be required. For example, the duties referred to above are all of the type routinely performed by Offices of the Inspector General.

With respect to the success of the overall objective of reducing paperwork burden on the public, GAO agrees that the burden reduction efforts appear to have slowed the growth of paperwork. However, as noted on page 3 of the report, the estimated burden hours as of March 31, 1979, exceeded the comparable figure as of October 31, 1975.

Attached separately are comments on the draft report from the Office of Federal Statistical Policy and Standards (OFSPS). Because of its close association with both OMB and the Department, OFSPS has the unique capability to review the reports clearance process from a government-wide perspective.



Elsa A. Porter
Assistant Secretary
for Administration

Attachment

Comments of the Office of Federal Statistical Policy
and Standards (OFSPS), Department of Commerce,
on Draft of Proposed Report to the Congress entitled

NEED TO IMPROVE THE MANAGEMENT OF EXECUTIVE BRANCH
REPORTS CLEARANCE PROCESS

DATE· April 4, 1979
B-158552

Comments of the Office of Federal Statistical Policy and Standards (OFSPS), Department of Commerce, on Draft of Proposed Report to the Congress entitled "Need to Improve the Management of Executive Branch Reports Clearance"

We have reviewed this draft report from the perspective of our long term involvement and close association with the OMB clearance process as well as our observation of agency clearance functions. We strongly endorse that recommendation that agency clearance functions be strengthened both in terms of technical skills and clearance mandates spelled out with authority to accomplish Federal Reports Act objectives. These steps are useful whether or not the clearance process is decentralized. Many agencies are so far from ideal that the upgrading may be a lengthy process. We also endorse the recommendation that full documentation of clearance requests be required. The current situation is even worse than the draft report describes. Survey design documentation is not required by the A-40 for applications and recordkeeping requirements but more importantly it is treated as optional for all reports other than statistical surveys (reviewed by OFSPS)

We feel that this policy has produced many of the deficiencies observed in the report. There are a number of factors which have caused further deterioration in the past two years, including OMB's loss of statistical expertise with the transfer of the statistical program coordination function to the Department of Commerce.

Another problem is the growing tendency to reclassify data collection programs out of the statistical survey category into categories such as "Program Evaluation" and "Other Management Reports" which are reviewed against less stringent standards and by reviewers with less knowledge of statistical design principles.

The report discusses the resource problem at OMB but fails to recognize that under a memorandum of understanding with the Secretary of Commerce, OMB delegates review responsibility for statistical surveys to OFSPS and has access to OFSPS personnel for advice on any statistical questions. OMB has made limited use of this arrangement but often superimposes a redundant review even though most OFSPS personnel are experienced clearance reviewers. The problems

PAGE TWO

which have grown out of this low risk delegation do not augur well for OMB's and GAO's proposal to decentralize by delegation.

The decentralization recommendation by GAO has much potential for optimizing the clearance process within the Agencies, but a corollary to this approach must be the strengthening of interagency coordination. We must take exception to the report's cavalier treatment of interagency coordination and its sanguine reliance on the Information Requirements Control Automated System (or any automated coordination system) (IRCAS) to eliminate "duplication". IRCAS approaches coordination problems on a very superficial level and can bias data collection decisions in ways which may seriously compromise data quality.

Certainly, there is much to be gained by improved intra-agency coordination. There is a great deal of current emphasis on coordination within subject-matter areas, such as Health and Education. To the extent that both of these areas can be further coordinated with each other within the Department of HEW, there are substantial benefits from the perspective of all Federal data collection. But the importance and difficulties of interagency coordination should not be understated.

It is also true that the clearance function is often a minor element among interagency coordination mechanisms. OFSPS and OMB have sponsored many formal and informal committees to accomplish this kind of coordination. Unfortunately, OMB has lost contact with much of this effort because the statistical coordination function was transferred to the Department of Commerce with the result that the clearance process occasionally frustrates rather than supports these activities. We believe it is crucial that clearance review once again become a strong tool used in support of the coordination authority of Section 103 of the Budget and Accounting Procedures Act of 1950, even though this authority is now exercised by OFSPS in the Department of Commerce.

We commend to the attention of GAO the work of the President's Statistical Reorganization Project led by James Bonnen which is recommending a different approach to the clearance process. The essence of recommendations from the project are that OFSPS should perform a technical review of all data collection plans very early in the planning process and OFSPS should have full authority to approve statistical data collections plans and forms.

PAGE THREE

In summary, we find three weaknesses in the report's recommendations

1. OMB evaluations of agency performance are likely to suffer from OMB's present lack of statistical expertise.

GAO response

This comment is discussed on pages 19 and 20 of the report.

2. Delegations of primary review responsibility to the Agencies must be contingent on agency showings of appropriate staff skills and effective mechanisms for interagency coordination.

GAO response

GAO agrees, and the draft report recommended that the Director, OMB, delegate primary review authority to executive departments and agencies which have demonstrated adequate capability. (See p. 18.)

3. The most important strengthening of documentation requirements would be to require survey, tabulation and cost documentation for "Program Evaluations" and "other management reports" rather than just statistical surveys. An important corollary would be to provide for an early technical review of all types of data collection plans by staff with statistical design expertise.

GAO response

OMB guidelines require survey and tabulation plans for all reporting requirements except applications. These guidelines only require that agencies estimate Federal cost for program evaluations and statistical surveys. In this report, GAO recommends that survey, tabulation, and cost documentation be provided for all reporting requirements. (See p. 18.)

GAO agrees that early technical reviews are important. This matter is discussed in appendix II. (See p. 24.)

Aside from these three areas, we strongly endorse the recommendations.



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON D C 20250

Honorable James T McIntyre, Jr
Director, Office of Management and Budget
Executive Office of the President
Washington, D C 20503

Dear Mr McIntyre

This is in reply to your request for comments by the Department of Agriculture on the GAO draft report entitled, 'Need to Improve the Management of Executive Branch Reports Clearance Process' [See GAO note, p 28]

For the most part, the shortcomings of the reports clearance process cited in the report have been recognized for some time. Hopefully, however, the subject report will call forceful attention to some of the issues and result in meaningful improvements. We concur in the recommendations made and feel that if effectively carried out under sound leadership from OMB, the clearance process will be improved.

One issue which is not adequately addressed in the report is that of the increasing fragmentation of the authority of OMB to monitor all public reporting. In addition to the long standing exemption from OMB control of a major portion of the public reporting burden, Congressional action in recent years has diverted final authority for some portions to GAO and the Federal Education Data Acquisition Council. This authority should be returned to OMB and their charge to oversee all reporting requirements firmly established.

We strongly support the concept of decentralization of the primary clearance function to the individual agencies. Such decentralization should be accompanied by a clear statement of the audit authority of OMB over the clearance process throughout the Executive Branch. Although the GAO report states that 'department and agency clearance officers are unsure of their authority and are reluctant to disapprove or revise proposed requirements' this has not been a significant problem in USDA. The departmental clearance office often requires very substantial revisions in proposals submitted by the various agencies within USDA and also conducts practical utility reviews of cleared requirements.

Attached is a list of editorial comments on the draft report.

For the benefit of those not familiar with the reports clearance process, it should be made more clear that the report pertains to public reporting and recordkeeping requirements

Page 111 (Digest) - The first paragraph concerning "missing and at times inadequate documentation" needs to be more specific, particularly in terms of whether or not the shortcomings were of major or minor significance.

Page 6 - The second paragraph should be clarified to say that, "... requirements represent 30 to 40 percent of the total number of clearance dockets but only about 5 percent of the estimated burden hours."

Page 7 - The reference to the USDA clearance office (second paragraph) conducting practical utility reviews for new requirements only is inaccurate. See comments above

Page 10 - The three paragraphs describing the specifics identified in the sample of dockets examined seem more appropriate to the "Digest" portion of the report.

Sincerely,

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GAO response

GAO made editorial revisions, where warranted, on the basis of the above comments. With respect to the conduct of practical utility reviews by the Department of Agriculture clearance office, page 7 of the report was revised to show that such reviews were conducted for some high-burden requirements.



DEPARTMENT OF HEALTH EDUCATION AND WELFARE
OFFICE OF THE SECRETARY
WASHINGTON D C 20201

APR 19 1979

Mr. Stanley Morris
Deputy Associate Director
Regulatory Policy and Reports
Management Division
Room 10202 New Executive Office
Building
Office of Management and Budget
Washington, D.C. 20503

Dear Mr Morris:

The Secretary asked that I respond to the General Accounting Office's request to furnish you with our comments on their draft report, "Need to Improve the Management of Executive Branch Reports Clearance Process." [See GAO note, p 28]

We have carefully reviewed the report and agree with its findings concerning the current short-comings of the reports clearance process. We agree in general with the report's recommendations

Sincerely yours,

A handwritten signature in dark ink that reads "Thomas D. Morris". The signature is written in a cursive style.

Thomas D. Morris
Inspector General

(009510)

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